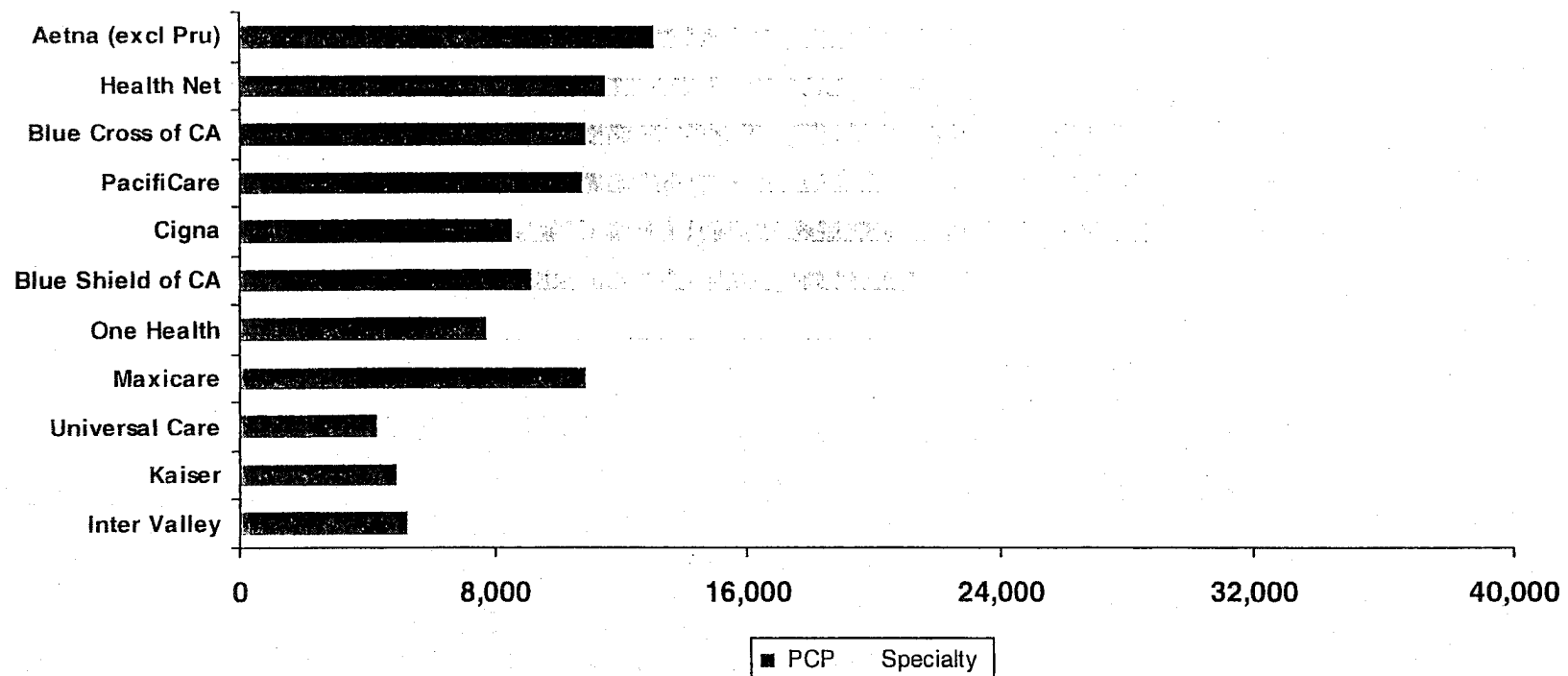


Blue Cross of California has the third largest provider network in the state.

Health Plan Physician Contracts

(Contracts as of January, 2001)



Source: InterStudy Competitive Edge: HMO Directory 11.2

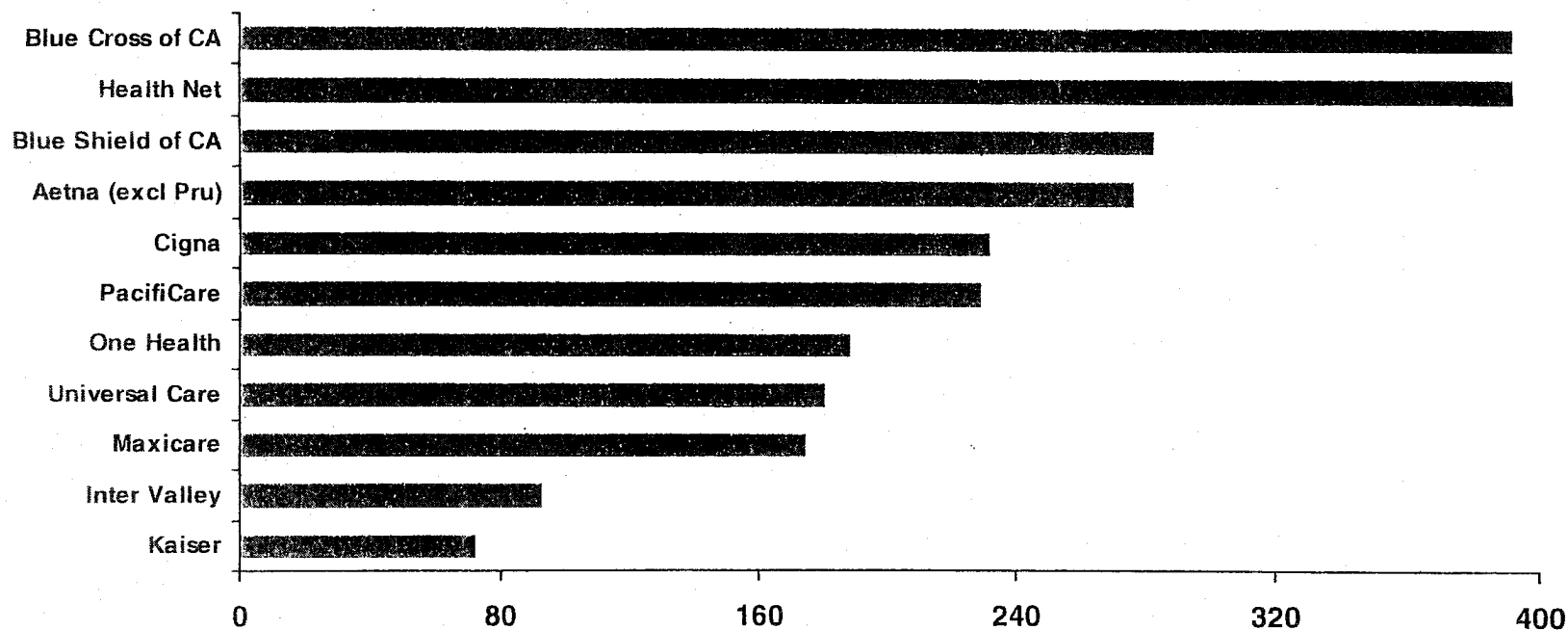
© Accenture 2001

OCC 002124

Blue Cross of California has the largest hospital network in the state.

Health Plan Hospital Contracts

(Contracts as of January, 2001)

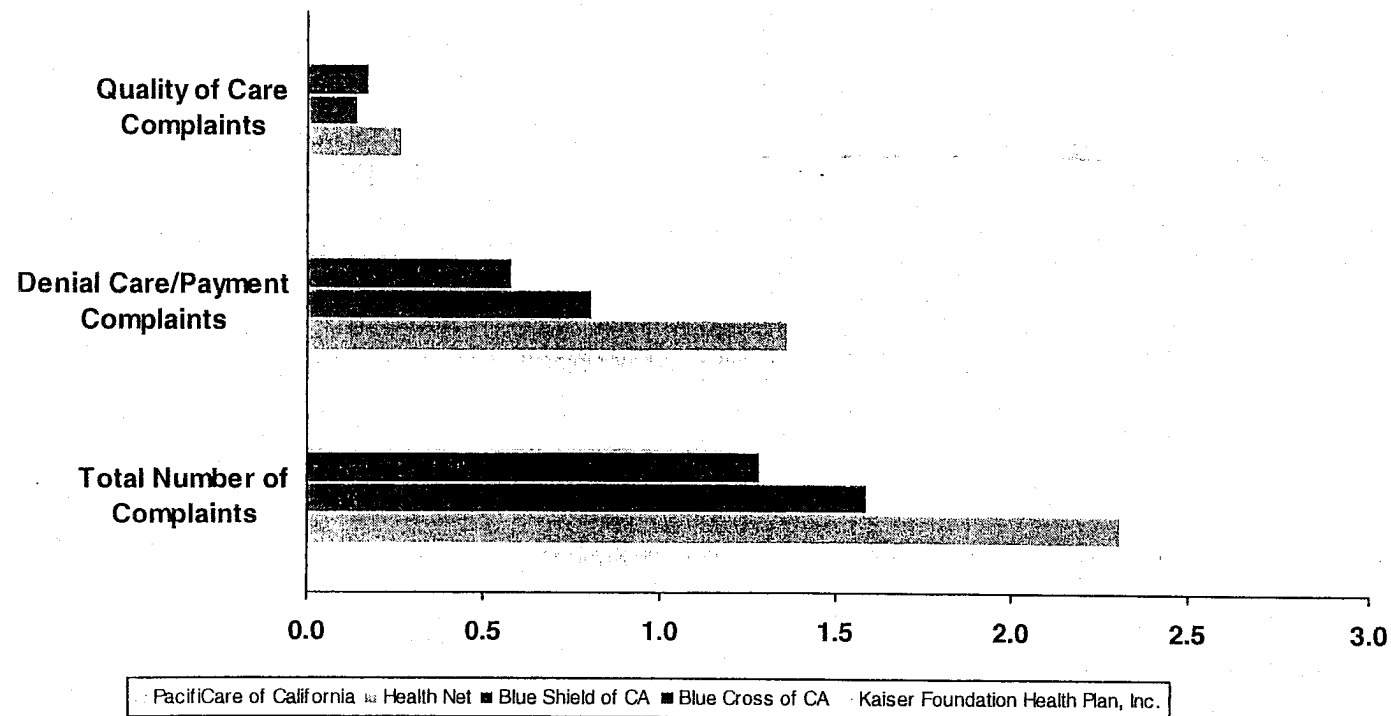


Source: InterStudy Competitive Edge: HMO Directory 11.2

© Accenture 2001

Blue Cross of California continues to provide quality health care after its merger with WellPoint.

Ranking of Blue Cross of CA Amongst the Five Largest CA Health Plans (Numbers of Complaints per 10,000 Enrollees)



Source: California Department of Managed Health Care, *Record of Consumer Complaints*, June 2000

© Accenture 2001

Over the years, WellPoint has consistently been recognized for leadership in product innovation and business practices.

Blue Cross of California

(2001)

Awards

- Fortune ranks WellPoint #1 on Most Admired Health Care company list for third year in a row
- Blue Cross of California garners two "Best of Blue" Awards for Innovations in Patient Care and Best Practices in Partnerships from the Blue Cross Blue Shield Association
- WellPoint's CEO, was awarded Corporate Partner of the Year by the Los Angeles Chapter of the National Association of Women Business Owners (NAWBO-LA) for Schaeffer's leadership as an "exemplary supporter of women's personal and business health and vitality."
- WellPoint CEO named one of Top 25 Managers by Business Week

Innovative Products/Other Notable Points

- "WellPoint has consistently been a leader in product innovation, steadily expanding its health benefits portfolio for a changing marketplace...WellPoint has developed a full-scale offering of products, ranging from tightly managed HMO plans to traditional indemnity offerings. The company has invested in infrastructure, technology systems, and administrative support to develop product lines aimed at generating future membership growth in all of those products." *James Lane, equity analyst, Salomon Smith Barney*

Source: Salomon Smith Barney, *WellPoint Health Networks*, August 9, 2001

© Accenture 2001

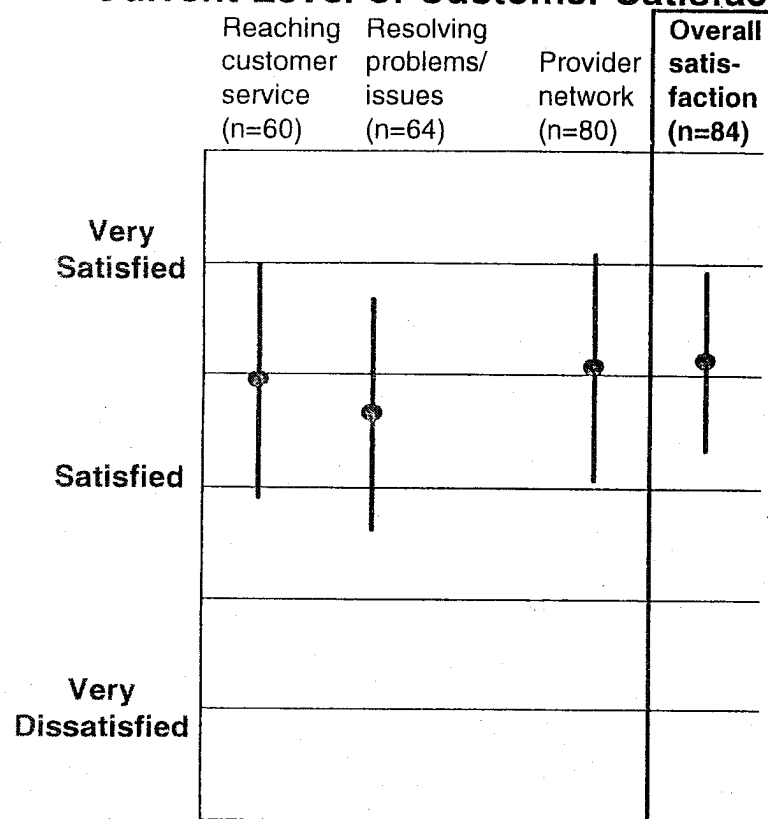
We interviewed constituents of BC CA, as well as health plan executives, to assess the level of impact the conversion had across the different stakeholders.

Interviews - Blue Cross of California

Health Plan Executives	<ul style="list-style-type: none"> • David Colby, Executive VP and CFO • David Helwig, Group President, Large Group Division • Tom Geiser, Executive VP and General Counsel • Carol Burt, Head of Mergers and Acquisitions
Members	<ul style="list-style-type: none"> • Focus Group – 9 members; Survey – 85 members
Providers	<ul style="list-style-type: none"> • Focus Group – 10 providers
Hospitals	<ul style="list-style-type: none"> • 3 Hospitals (UCLA, Washington Hospital-Freemont, Hoag Memorial)
Brokers	<ul style="list-style-type: none"> • 1 Broker, 2 Towers Perrin benefit consultants
Consumer Groups	<ul style="list-style-type: none"> • Laurie Sobel, Consumers Union (Decided to not be interviewed)
Regulators	<ul style="list-style-type: none"> • Contacted, unable to reach people directly involved with conversion
Foundations	<ul style="list-style-type: none"> • David Pockell, former CEO of Kaiser Permanente Northern CA, now Director of Programs, CA Healthcare Foundation
Secondary Research	<ul style="list-style-type: none"> • Performance data for plans and major competitors (market share, admin. and medical costs ratios, etc) • Community statistics (% of uninsured, % of small businesses offering health benefits, etc.)

On average, members surveyed appear to be satisfied with the service they receive from Blue Cross of California.

Current Level of Customer Satisfaction-



BC CA Member Responses

For all line charts, the dot represents the average and the lines represent + or - 1 standard deviation.

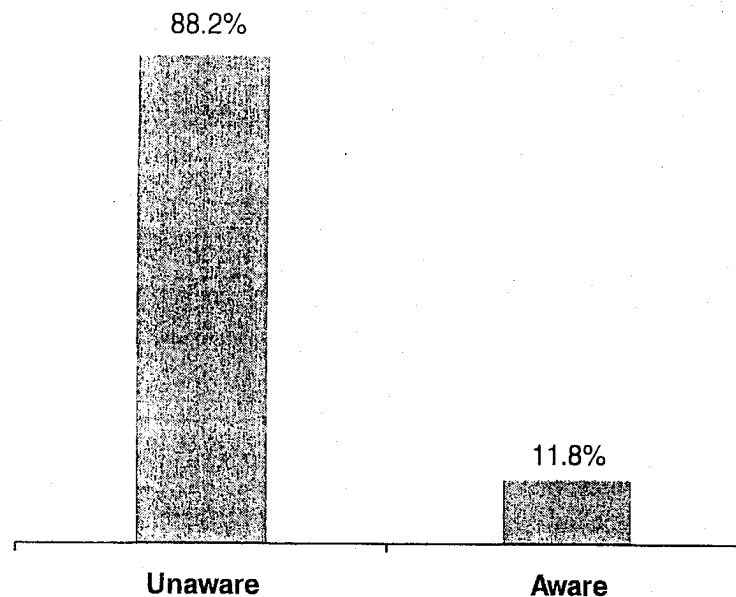
Source: Focus Group analysis and surveys
© Accenture 2001

Interview Quotes

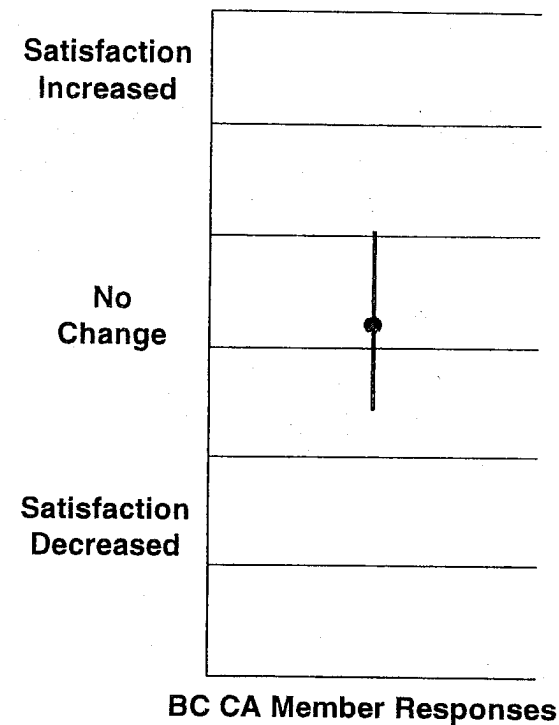
- *Member, BC of CA:* I go in a lot with my kids. It's seamless to me. I pay \$10 and we get out the door.
- *Member, BC of CA:* I stay with Blue Cross of CA because of its good reputation, and if I have an accident, I think that they will come through.
- *Dave Helwig, Group President, Large Group Div, WellPoint:* We have kept rate increases very steady, very predictable. As a result, retention is fantastic. We are not moving from one panic swing to another.
- *Broker, Bob Burnell, Cassidy & Associates:* The conversion was transparent to us. I didn't notice any change and either did my employers. I have noticed that things [Blue Card program] have gotten better in last few years.
- *Member, BC of CA:* BC of CA has a better network and better rates.

Most people surveyed were not aware that BC CA converted. However, on average, survey respondents experienced a slight improvement in satisfaction over the same time frame.

Percentage of People Surveyed Who Were Aware of Conversion-
(n= 85)



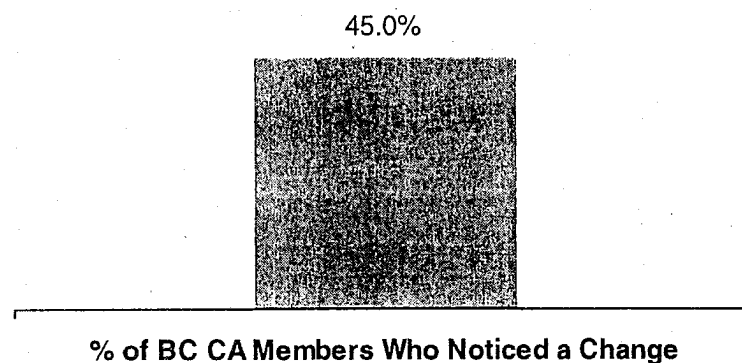
How Customer Satisfaction Has Changed Over Last 5 Years-
(n= 80)



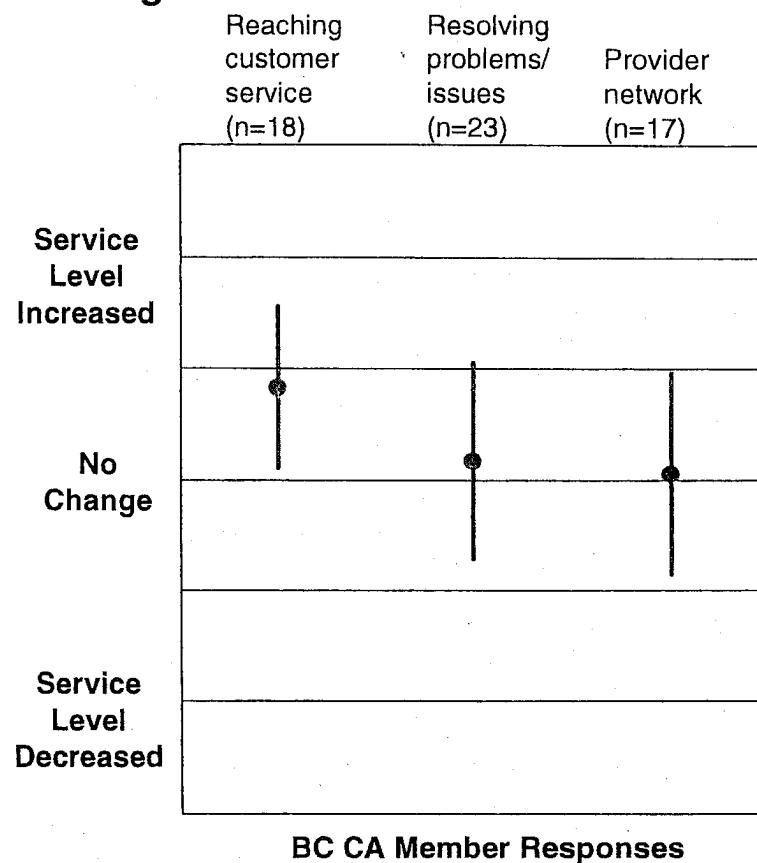
Source: Focus Group analysis and surveys
© Accenture 2001

On average, the members surveyed experienced an improvement in service from BC CA on each dimension we measured their perception of service.

Percentage of Members Surveyed Who Reported Noticing a Change-
(Change reported in one or more area as shown in graph on right, n=36)



Changes Members Noticed-



Source: Focus Group analysis and surveys
© Accenture 2001

Focus group providers have not noticed a negative change in their level of service since the conversion, but do state they have become somewhat dissatisfied with their negotiated rates.

Summary of Focus Group Findings-

- Providers* report satisfaction with Blue Cross of California's:
 - ability to resolve claims payment issues,
 - speed when responding to verification requests, and
 - referral and pre-authorization process.
- Providers are less than satisfied with Blue Cross of CA's rates and rate negotiation process.
- Some providers were aware of the conversion.
- Conceptually, providers expressed concern over changing reimbursement and service levels with the idea of a for-profit health insurance company.
- Overall, providers have not noticed a change in their level of satisfaction with service over the past six years.
- Providers noticed the changes in their level of satisfaction with their rates and rate negotiation process occurred in the last six years, but are unsure if the changes are a direct result of the conversion.

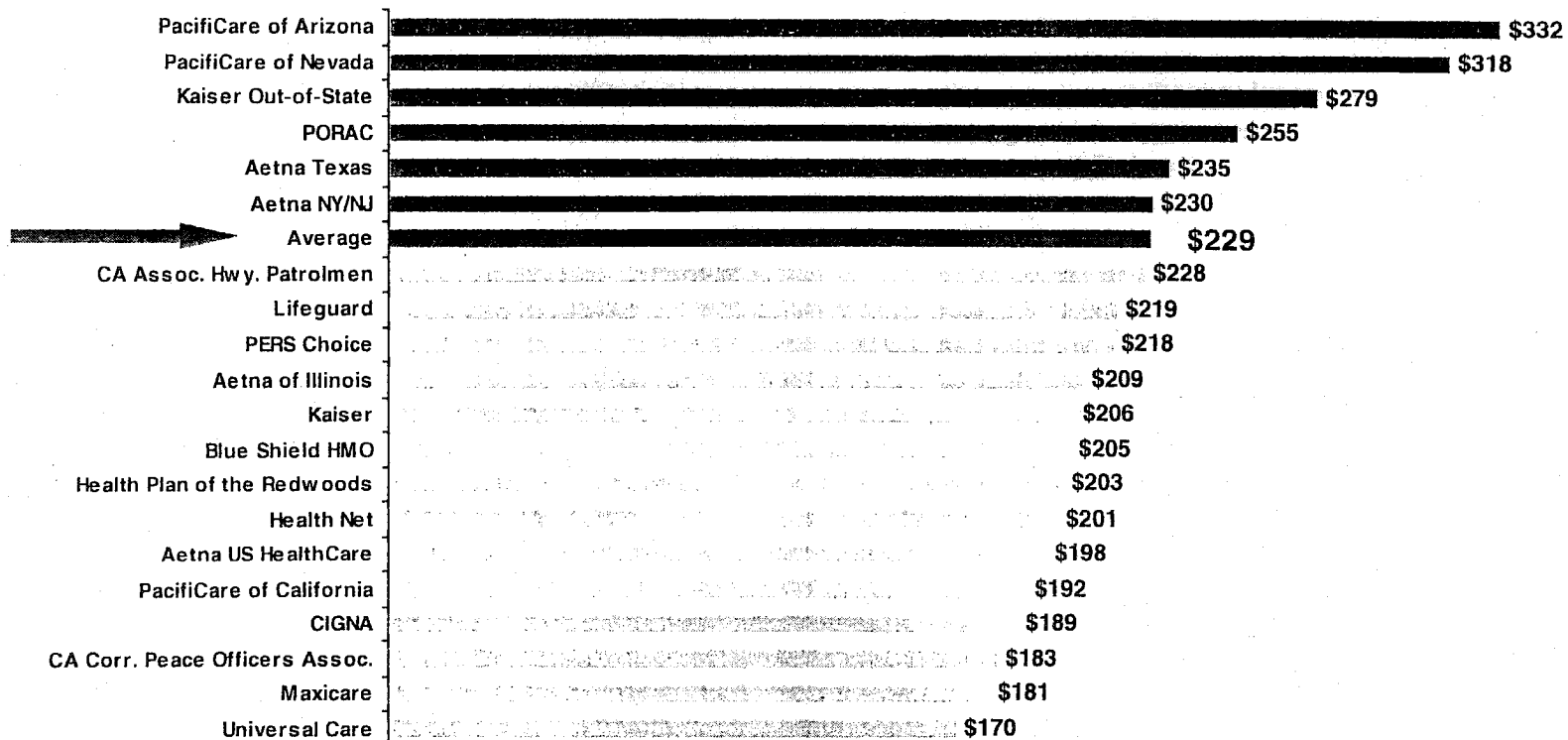
* Providers had been contracted with Blue Cross of California for six or more years.

Focus Group and Interview Quotes-

- *Steven Forrester, Director of Contracting, Washington Hospital- Fremont:* BC of CA has made an attempt to expedite claims payments. They asked us to fill out a survey and, now that you mention it, BC of CA is not at the top of our AR reports
- *Dave Helwig, Group President, Large Group Div, WellPoint:* There's really been no change in our [provider] leverage, we just have gotten to the better deals sooner
- *Lori Weaver, Director of Managed Care, Hoag Memorial:* Blue Cross has always been tough to work with [in contracting]
- *Physician, CA:* If you are in solo practice, you take it or leave it. There are no negotiations. If you are in a large practice, it's a careful dance

The average monthly COBRA rate is \$229 in California.

CalPERS Monthly Rates for COBRA Coverage (2001)



Source: CalPERS website

© Accenture 2001